



C A L I F O R N I A D E P A R T M E N T O F

Mental Health

Division of Program Compliance – Audits Branch
1600 9th Street, Sacramento, CA 95814
(916) 445-1554, FAX (916) 445-1588

September 8, 2009

Mary Anne Ford Sherman, Director
Kings County Behavioral Health Administration
450 Kings County Drive, Suite 104
Hanford, CA 93230

Dear Ms. Sherman:

AUDIT REPORT – KINGS COUNTY BEHAVIORAL HEALTH ADMINISTRATION

We have examined the Short-Doyle/Medi-Cal Cost Reporting and Data Collection (CR/DC) report of Kings County Behavioral Health Administration for the fiscal period July 1, 2004 to June 30, 2005. Our examination was made in accordance with Section 14170 of the Welfare and Institutions Code and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the amount shown in the accompanying Summary of Net Federal Share of Federal Short-Doyle/Medi-Cal Program Costs and State General Fund under EPSDT program (Schedule 1) represents the actual net program costs allowable under the above mentioned statutes.

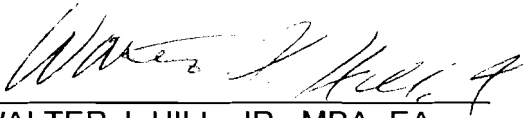
The effect of this revised allowable program costs is as follows:

Net Program Costs					
		<u>Settled</u>		<u>Allowed</u>	<u>Adjustment</u>
Federal Share of Short-Doyle/Medi-Cal	\$	2,419,638	\$	2,320,404	\$ (99,234)
Federal Share of Healthy Families/Medi-Cal	\$	95,549	\$	96,151	\$ 602
State General Funds EPSDT Due State	\$	707,214	\$	689,312	\$ (17,902)

Mary Anne Ford Sherman, Director
September 8, 2009
Page Two

If you disagree with any of the results of this audit, you may request an informal appeal conference. This request must be in writing and received by the Department of Health Care Services within sixty (60) calendar days following the date of receipt of this report. Your notice of disagreement should be directed to John Melton, Acting Chief, Administrative Appeals, Office of Legal Services, Department of Health Care Services, 1029 J Street, Suite 200, Sacramento, California 95814, and be in conformance with provisions of Sections 51016 and sequence, Title 22, of the California Code of Regulations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Walter J. Hill, Jr.", is written over a horizontal line.

WALTER J. HILL, JR., MBA, EA

Enclosures

Certified Mail

SCHEDULE 1

**KINGS COUNTY
COMMUNITY MENTAL HEALTH SERVICES
SUMMARY OF NET REIMBURSABLE MEDI-CAL PROGRAM COSTS
FISCAL YEAR ENDED JUNE 30, 2005**

		<u>As Settled</u>	<u>Audit Adjustments</u>	<u>As Audited</u>
<u>NET REIMBURSABLE MEDI-CAL</u>				
<u>PROGRAM COSTS</u>				
<u>COUNTY PROVIDERS</u>				
MEDI-CAL - FFP	(Sch. 2a)	\$ 0	\$ 0	\$ 0
HEALTHY FAMILIES - FFP	(Sch. 2a)	0	0	0
TOTAL FFP - COUNTY PROVIDERS		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>CONTRACT PROVIDERS</u>				
MEDI-CAL - FFP	(Sch. 3b)	\$ 2,419,638	\$ (99,234)	\$ 2,320,404
HEALTHY FAMILIES - FFP	(Sch. 3b)	95,549	602	96,151
TOTAL FFP - CONTRACT PROVIDERS		<u>\$ 2,515,187</u>	<u>\$ (98,632)</u>	<u>\$ 2,416,555</u>
<u>TOTAL FFP - COUNTY PLUS CONTRACT PROVIDERS</u>				
MEDI-CAL - FFP		\$ 2,419,638	\$ (99,234)	\$ 2,320,404
HEALTHY FAMILIES - FFP		95,549	602	96,151
TOTAL FFP - COUNTY PLUS CONTRACT PROVIDERS		<u>\$ 2,515,187</u>	<u>\$ (98,632)</u>	<u>\$ 2,416,555</u>
SUMMARY OF STATE GENERAL FUNDS				
EPSDT - SGF	(Sch. 4)	<u>\$ 707,214</u>	<u>\$ (17,902)</u>	<u>\$ 689,312</u>

Note: The As Settled amount includes a refund of \$184 to the State subsequent to the initial EPSDT settlement. (Refer to Adjustment 14)

KINGS COUNTY
SUMMARY OF CONTRACT PROVIDERS' MEDI-CAL COST
FISCAL PERIOD ENDED JUNE 30, 2005

Legal Entity Number	Legal Entity	(1) Medi-Cal and Crossover Gross Reimb.	(2) Enhanced - Children Gross Reimb.	(3) Enhanced - Refugees Gross Reimb.	(4) Total Gross Cost (Excl. HFP)	(5) Healthy Families Gross Reimb.	(6) Medi-Cal and Crossover Gross Reimb.	(7) Enhanced - Children Gross Reimb.	(8) Enhanced - Refugees Gross Reimb.	(9) Total Gross Cost (Excl. HFP)	(10) Healthy Families Gross Reimb.
		(MH 1968, Ln 5, 5A, 10, 10A)	(MH 1968, Ln 16, 16A)	(MH 1968, Ln 22)	(Col. 1 to 3)	(MH 1968, Ln 27, 27A)	(MH 1968, Ln 5, 5A, 10, 10A)	(MH 1968, Ln 16, 16A)	(MH 1968, Ln 22)	(Col. 6 to 8)	(MH 1968, Ln 27, 27A)
00233	Kings View Counseling Corp.	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,399,167	\$ 5,841	\$ 0	\$ 4,405,008	\$ 145,424

GRAND TOTAL \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 4,399,167 \$ 5,841 \$ 0 \$ 4,405,008 \$ 145,424

KINGS COUNTY
SUMMARY OF CONTRACT PROVIDERS' MEDICAL COST
FISCAL PERIOD ENDED JUNE 30, 2005

Legal Entity Number	Legal Entity	(11) Total Revenue (Excl. HFP)	(12) Healthy Families Revenue	(13) Total Revenue (Excl. HFP)	(14) Healthy Families Revenue	(15) Total Net Cost (Excl. HFP)	(16) Net Cost Healthy Families	(17) Total Net Cost (Excl. HFP)	(18) Net Cost Healthy Families	(19) Total MAA FFP
		INPATIENT (MH 1968, Ln 28 to 30)		OUTPATIENT (MH 1968, Ln 28 to 30)		INPATIENT (Col 4-11)		OUTPATIENT (Col 9-13)		Reimbursement (MH 1979, Ln 11-13)
00233	Kings View Counseling Corp.	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,405,008	\$ 145,424	\$ 0
GRAND TOTAL		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,405,008	\$ 145,424	\$ 0

KINGS COUNTY
SUMMARY OF CONTRACT PROVIDERS' MEDICAL COST
FISCAL PERIOD ENDED JUNE 30, 2005

Legal Entity Number	Legal Entity	(20) Neg. Rates Exceed Costs (Excl. HFP)	(21) Neg. Rates Exceed Costs Healthy Families	(22) Neg. Rates Exceed Costs (Excl. HFP)	(23) Neg. Rates Exceed Costs Healthy Families	(24) Total SD/MC Reimbursement (FFP)	(25) Healthy Families Reimbursement (FFP)	(26) Total Reimbursement (FFP)	(27) FFP Contract Maximum	(28) Lower of FFP or Contract Maximum
		<u>INPATIENT</u>		<u>OUTPATIENT</u>						
		(MH 1968, Ln 38 to 39)	(MH 1968, Ln 40, 40A)	(MH 1968, Ln 38 to 39)	(MH 1968, Ln 40, 40A)	(MH 1979, Line 21)	(MH 1979, Ln 27)	(Col. 24 + 25)		
00233	Kings View Counseling C.	\$ 0	\$ 0	\$ 0	\$ 0	2,320,404	\$ 96,151	\$ 2,416,555	\$ 6,042,892	\$ 2,416,555

GRAND TOTAL \$ 0 \$ 0 \$ 0 \$ 0 \$ 2,320,404 \$ 96,151 \$ 2,416,555 \$ 6,042,892 \$ 2,416,555

(To Sch. 1)

SCHEDULE 4

**KINGS COUNTY
COMMUNITY MENTAL HEALTH SERVICES
COMPUTATION OF EPSDT STATE SHARE PER AUDIT
FISCAL YEAR ENDED JUNE 30, 2005**

		<u>As Settled</u>	<u>Audit Adjustments</u>	<u>As Audited</u>
(1) SD/MC Actuals (MH 1979, Lns. 16, 16A, 17, 17A, 18) (including contractors)	\$	4,488,683	\$ (83,675)	\$ 4,405,008
(2) Total SD/MC Claims (Adjustments 6, 8, and 10)		4,194,639	(548)	4,194,091
(3) Percent % (Line 1/Line 2)		107.01%	-1.98%	105.03%
(4) EPSDT Claims (Adjustments 7, 9, and 11)		2,000,884	(548)	2,000,336
(5) Actual Cost Settled EPSDT SD/MC (Line 3 X Line 4)		2,141,146	(40,193)	2,100,953
(6) Cost Settled Baseline for EPSDT		722,756	0	722,756
(7) Net Cost Settlement Amount (Line 5 - Line 6)		1,418,390	(40,193)	1,378,197
(8) 50% of Cost Settlement Amount (Line 7 x 50%)		709,195	(20,096)	689,099
(8a) FY 2001-02 EPSDT Settlement		691,227	0	691,227
(8b) Annual Local Growth (L. 8 - 8a)		17,968	(20,096)	(2,128)
(9) County Match 10% of Local Growth (8b x 10%)		1,797	(2,010)	(213)
(10) Net Cost Settlement Amount (L. 8 - 9) (Adjustment 12)		707,398	(18,086)	689,312
(11) SGF Distribution (Settled and Audited) (Adjustments 13, 14, and 15)		707,398	(184)	707,214
(12) SGF Due State (Adjustment 16)	\$	<u>0</u>	\$ <u>(17,902)</u>	\$ <u>(17,902)</u>
				(To Sch. 1)

Source:

- (1) Total CFRS SD/MC actuals after final Settlement (Col. 1) and Audit (Col. 3) for Net Direct Outpatient Services (includes Mode 05 - SF's 20-94, Mode 10, and Mode 15)
- (2) Total SD/MC paid claims (total non-hospital, including PHF's) by County Submitting Claims (includes contract providers, excludes Healthy Families)
- (4) SD/MC paid claims for children under 21 years of age (full scope, non-hospital, including PHF's) including new aid codes by County of Beneficiary
- (6) Cost Settled Baseline for EPSDT for FY 2004-2005, includes increase for FFS/MC provider rate increase
- (7) Settlement amount prior to 10% match calculation (8) - (9)
- (11) SGF distribution (See DMH letter dated August 30, 2004 sent to Local Mental Health Directors)

Note: This amount may include payments not yet made but scheduled to be released as soon as funding becomes available. It may also include payments made in error in FY 06, which will be reversed in FY 06 and rescheduled for payment when funding becomes available.

- (12) Amount owed back to the state cannot be more than was paid.

AUDIT ADJUSTMENTS

Provider KINGS COUNTY				Provider Number 00016	No. of Adj. 16	Fiscal Period Ended June 30, 2005	
Report Reference				EXPLANATION OF AUDIT ADJUSTMENTS	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Form/ Sch.	Line	Col.				
				<u>ADJUSTMENTS TO REPORTED COSTS</u>			
1	MH 1960	4	C	OTHER ADJUSTMENTS FROM MH 1962	\$ (7,950,784)	\$ 5,684	\$ (7,945,100)
2	MH1960	18	C	MODE COSTS (DIRECT SERVICES AND MAA)	\$ 493,411	\$ 5,684	\$ 499,095
				To adjust A-87 cost transferred to Kings View.			
				OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-87			
				<u>ADJUSTMENTS TO REPORTED SD/MC SETTLEMENT CONTRACT PROVIDERS</u>			
3	Sch. 3b	Total	24	TOTAL SD/MC REIMBURSEMENT (INCLUDES ENHANCED SD/MC)	\$ 2,419,638	\$ (99,234)	\$ 2,320,404
4	Sch. 3b	Total	25	TOTAL HEALTHY FAMILIES REIMBURSEMENT	95,549	602	96,151
					<u>\$ 2,515,187</u>	<u>\$ (98,632)</u>	<u>\$ 2,416,555</u>
				To adjust the SD/MC (FFP) and Healthy Families (FFP) due to adjustments to revenues and units of service/time and the results of the Medi-Cal Oversight chart review. (Please refer to separate audit report of Kings View Counseling Services dated September 7, 2009 for detail).			
				<u>ADJUSTMENTS TO AS SETTLED EPSDT STATE GENERAL FUNDS</u>			
5	SCH 4	1	3	SD/MC ACTUAL	\$ 4,488,683	\$ (83,675)	\$ 4,405,008
				To adjust SD/MC actual as a result of adjustments to total computable Medi-Cal costs as reflected in the MH 1979 forms for both the County program and its contract providers. The amounts utilized for this purpose was SD/MC and Enhanced for Outpatient services only.			
6	SCH 4	2	3	TOTAL SD/MC CLAIMS	\$ 4,194,639	\$ (62,584)	\$ 4,132,055 *
7	SCH 4	4	3	EPSDT CLAIMS	\$ 2,000,884	\$ (62,584)	\$ 1,938,300 *
				To adjust total SD/MC claims and EPSDT claims to include the results of the chart review of the EPSDT program conducted by the State DMH Medi-Cal Oversight branch as reflected in the report dated December 4, 2006. This represents the original recoupment.			
				* Balance carried forward to subsequent adjustment.			
				** Balance brought forward from prior adjustment.			

AUDIT ADJUSTMENTS

Provider KINGS COUNTY				Provider Number 00016	No. of Adj. 16	Fiscal Period Ended June 30, 2005	
Report Reference				EXPLANATION OF AUDIT ADJUSTMENTS	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Form/ Sch.	Line	Col.				
				<u>ADJUSTMENTS TO AS SETTLED EPSDT STATE GENERAL FUNDS</u>			
8	SCH 4	2	3	TOTAL SD/MC CLAIMS **	\$ 4,132,055	\$ 62,584	\$ 4,194,639 *
9	SCH 4	4	3	EPSDT CLAIMS **	\$ 1,938,300	\$ 62,584	\$ 2,000,884 *
				To adjust total SD/MC claims and EPSDT claims to reverse the original recoupment included in adjustments 6 and 7 above. The revised findings affecting "Total SD/MC Claims and EPSDT Claims" will be taken in adjustments 10 and 11 below.			
10	SCH 4	2	3	TOTAL SD/MC CLAIMS *	\$ 4,194,639	\$ (548)	\$ 4,194,091
11	SCH 4	4	3	EPSDT CLAIMS *	\$ 2,000,884	\$ (548)	\$ 2,000,336
				To adjust total SD/MC claims and EPSDT claims to include the results of the revised chart review of the EPSDT Program conducted by the State DMH Medi-Cal Oversight branch as reflected in the report dated March 3, 2008. This represents the revised recoupment.			
12	SCH 4	10	3	NET COST SETTLEMENT AMOUNT	\$ 707,398	\$ (18,086)	\$ 689,312
				To adjust net cost settlement amount as a result of adjustments to SD/MC actual (Total Computable Medical), total SD/MC claims and EPSDT claims.			
				* Balance carried forward to subsequent adjustment.			
				** Balance brought forward from prior adjustment.			

Provider				KINGS COUNTY		Provider Number 00016		No. of Adj. 16		Fiscal Period Ended June 30, 2005																
Report Reference				EXPLANATION OF AUDIT ADJUSTMENTS				As Reported		Increase (Decrease)		As Adjusted														
Adj. No.	Form/ Sch.	Line	Col.																							
				<u>ADJUSTMENTS TO AS SETTLED EPSDT STATE GENERAL FUNDS</u>																						
13	SCH 4	11	3	STATE GENERAL FUND DISTRIBUTION To adjust State General Fund Distribution to include the results of chart review of the EPSDT Program conducted by the State DMH Medi-Cal Oversight branch as reflected in the report dated December 4, 2006. This represents the SGF original recoupment.				\$ 707,398	\$ (21,028)	\$ 686,370	*															
14	SCH 4	11	3	STATE GENERAL FUND DISTRIBUTION To adjust State General Fund Distribution to reverse the original SGF recoupment included in adjustment 13 above. The revised results affecting "State General Fund Distribution" will be taken in adjustments 15 below.				** \$ 686,370	\$ 21,028	\$ 707,398	*															
15	SCH 4	11	3	STATE GENERAL FUND DISTRIBUTION To adjust the State General Fund Distribution to reflect the results of the revised EPSDT chart review included in the final report dated March 3, 2008.				** \$ 707,398	\$ (184)	\$ 707,214																
16	SCH 4	12	3	STATE GENERAL FUNDS DUE STATE To adjust State General Funds due State as a result of adjustments to Cost Settlement Amount and State General Fund Distribution as follows: <table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">Audited Net Cost Settlement Amount</td> <td style="width: 10%;">Adj.</td> <td style="width: 10%;">12</td> <td style="width: 10%;">\$</td> <td style="width: 30%; text-align: right;">689,312</td> </tr> <tr> <td>Less Audited State General Fund Distribution</td> <td>Adj.</td> <td>15</td> <td></td> <td style="text-align: right;">707,214</td> </tr> <tr> <td colspan="4">Net State General Funds due to State</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ (17,902)</td> </tr> </table>				Audited Net Cost Settlement Amount	Adj.	12	\$	689,312	Less Audited State General Fund Distribution	Adj.	15		707,214	Net State General Funds due to State				\$ (17,902)	\$ 0	\$ (17,902)	\$ (17,902)	
Audited Net Cost Settlement Amount	Adj.	12	\$	689,312																						
Less Audited State General Fund Distribution	Adj.	15		707,214																						
Net State General Funds due to State				\$ (17,902)																						
* Balance carried forward to subsequent adjustment. ** Balance brought forward from prior adjustment.																										

DETAIL COST REPORT

CALCULATION OF PROGRAM COSTS

MH 1960 (Rev. 7/05)

FISCAL YEAR 2004 - 2005

County: KINGS COUNTY
County Code: 16

Legal Entity: KINGS COUNTY		A	B	C
Legal Entity Number: 00016		Salaries and Benefits	Other	Total Costs
1	Mental Health Expenditures		8,444,195	8,444,195
2	Encumbrances			
3	Less: Payments to Contract Providers (County Only)			
4	Other Adjustments from MH 1962		(7,945,100)	(7,945,100)
5	Total Costs Before Medi-Cal Adjustments		499,095	499,095
6	Medi-Cal Adjustments from MH 1961			
7	Managed Care Consolidation (County Only)			
8	Allowable Costs for Allocation			499,095
	Administrative Costs (County Only)			
9	SD/MC Administration			
10	Healthy Families Administration			
11	Non-SD/MC Administration			5,684
12	Total Administrative Costs			5,684
	Utilization Review Costs (County Only)			
13	Skilled Professional Medical Personnel			
14	Other SD/MC Utilization Review			
15	Non-SD/MC Utilization Review			
16	Total Utilization Review Costs			
17	Research and Evaluation (County Only)			
18	Mode Costs (Direct Service and MAA)			493,411
19	Total Costs - Lines 9 through 18			499,095

DETAIL COST REPORT

OTHER ADJUSTMENTS

MH 1962 (Rev. 7/05)

FISCAL YEAR 2004 - 2005

County: KINGS COUNTY
County Code: 16

Legal Entity: KINGS COUNTY		A	B	C
Legal Entity Number: 00016		Salaries and Benefits	Other	Total Adjustments
1	ADD NON GROUP HOME MCO COST FROM 00233		61,238	61,238
2				
3	IN-OUTS		(7,541)	(7,541)
4	IP REIMBURSEMENTS		(343,764)	(343,764)
5	MANAGED CARE CHARGES		(292,606)	(292,606)
6	24-HR CUSTODY MEDICAL		(245,809)	(245,809)
7	WRAP-AROUND SERVICES - STOP		(6,509)	(6,509)
8	SPECIAL NEEDS GRANT		(33,449)	(33,449)
9	SACPA DUAL DIAG		(3,338)	(3,338)
10	MHSA - prop 36 expenses		(5,566)	(5,566)
11	ASO & MHS COST		(378,835)	(378,835)
12	CO ADMIN TO KV		(109,482)	(109,482)
13	SUNRIDGE		(91,484)	(91,484)
14	PAYMENT TO KV		(6,042,892)	(6,042,892)
15	PYMTS TO OTHER PROVDRS		(445,063)	(445,063)
16				
17				
18				
19				
20	Total Adjustments		(7,945,100)	(7,945,100)

DETAIL COST REPORT

ALLOCATION OF COSTS TO MODES OF SERVICE

MH 1964 (Rev. 7/05)

FISCAL YEAR 2004 - 2005

County: KINGS COUNTY
County Code: 16

Legal Entity: KINGS COUNTY		A
Legal Entity Number: 00016		Total Costs
1	Mode Costs (Direct Service and MAA) from MH 1960	493,411
	Modes	
2	Hospital Inpatient Services (Mode 05-SFC 10-19)	
3	Other 24 Hour Services (Mode 05-All Other SFC)	172,718
4	Day Services (Mode 10)	
5	Outpatient Services (Mode 15 Program 1 + Program 2)	
6	Outreach Services (Mode 45)	
7	Medi-Cal Administrative Activities (Mode 55)	
8	Support Services (Mode 60)	320,693
9	Total - Lines 2 through 8	493,411

DETAIL COST REPORT

ALLOCATION OF COSTS TO SERVICE

FUNCTIONS - MODE TOTAL

MH 1966 (Rev. 7/05)

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FISCAL YEAR 2004 - 2005

County KINGS COUNTY
County Code 16

Legal Entity KINGS COUNTY			A	B	C	D	E	F	G
Legal Entity Number 00016			Mode Total	Service Function	Service Function	Service Function	Service Function	Service Function	Service Function
Mode 05 - Other 24 Hour Services (All Other SFC)				60					
1	Allocation Percentage		100.00%	100.00%					
2	Total Units			2,044					
3	Gross Cost		172,718	172,718					
4	Cost per Unit			84.50					
5	SMA per Unit								
6	Published Charge per Unit								
7	Negotiated Rate / Cost per Unit								
8	Medi-Cal Units	07/01/04 - 09/30/04							
8A		10/01/04 - 06/30/05							
9	Medicare/Medi-Cal Crossover Units	07/01/04 - 09/30/04							
9A		10/01/04 - 06/30/05							
10	Enhanced SD/MC (Children) Units	07/01/04 - 09/30/04							
10A		10/01/04 - 06/30/05							
10B	Enhanced SD/MC (Refugees) Units	07/01/04 - 06/30/05							
11	Healthy Families (SED) Units	07/01/04 - 09/30/04							
11A		10/01/04 - 06/30/05							
12	Non-Medi-Cal Units			2,044					
13	Medi-Cal Costs	07/01/04 - 09/30/04							
13A		10/01/04 - 06/30/05							
14	Medi-Cal SMA Upper Limits	07/01/04 - 09/30/04							
14A		10/01/04 - 06/30/05							
15	Medi-Cal Published Charges	07/01/04 - 09/30/04							
15A		10/01/04 - 06/30/05							
16	Medi-Cal Negotiated Rates	07/01/04 - 09/30/04							
16A		10/01/04 - 06/30/05							
17	Medicare/Medi-Cal Crossover Costs	07/01/04 - 09/30/04							
17A		10/01/04 - 06/30/05							
18	Medicare/Medi-Cal Crossover SMA Upper Limits	07/01/04 - 09/30/04							
18A		10/01/04 - 06/30/05							
19	Medicare/Medi-Cal Crossover Published Charges	07/01/04 - 09/30/04							
19A		10/01/04 - 06/30/05							
20	Medicare/Medi-Cal Crossover Negotiated Rates	07/01/04 - 09/30/04							
20A		10/01/04 - 06/30/05							
21	Enhanced SD/MC Costs	07/01/04 - 09/30/04							
21A		10/01/04 - 06/30/05							
22	Enhanced SD/MC SMA Upper Limits	07/01/04 - 09/30/04							
22A		10/01/04 - 06/30/05							
23	Enhanced SD/MC Published Charges	07/01/04 - 09/30/04							
23A		10/01/04 - 06/30/05							
24	Enhanced SD/MC Negotiated Rates	07/01/04 - 09/30/04							
24A		10/01/04 - 06/30/05							
25	Enhanced SD/MC (Refugees) Costs	07/01/04 - 06/30/05							
26	Enhanced SD/MC (Refugees) SMA Upper Limits	07/01/04 - 06/30/05							
27	Enhanced SD/MC (Refugees) Published Charges	07/01/04 - 06/30/05							
28	Enhanced SD/MC (Refugees) Negotiated Rates	07/01/04 - 06/30/05							
29	Healthy Families Costs	07/01/04 - 09/30/04							
29A		10/01/04 - 06/30/05							
30	Healthy Families SMA Upper Limits	07/01/04 - 09/30/04							
30A		10/01/04 - 06/30/05							
31	Healthy Families Published Charges	07/01/04 - 09/30/04							
31A		10/01/04 - 06/30/05							
32	Healthy Families Negotiated Rates	07/01/04 - 09/30/04							
32A		10/01/04 - 06/30/05							
33	Non-Medi-Cal Costs		172,718	172,718					

DETAIL COST REPORT

**ALLOCATION OF COSTS TO SERVICE
FUNCTIONS - MODE TOTAL**

MH 1966 (Rev. 7/05)

PAGE 1 OF 1
FISCAL YEAR 2004 - 2005

County: KINGS COUNTY

County Code: 16

Legal Entity: KINGS COUNTY		cr		cr			
Legal Entity Number: 00016		A	B	C	D	E	G
Mode: 60 - Support Services		Mode Total	Service Function	Service Function	Service Function	Service Function	Service Function
			30	40			
1	Allocation Percentage	100.00%	39.88%	60.12%			
2	Total Units		1,000	4,856			
3	Gross Cost	320,693	127,900	192,793			
4	Cost per Unit		127.90	39.70			
5	Non-Medi-Cal Units (Same as Line 2)		1,000	4,856			
6	Non-Medi-Cal Costs (Same as Line 3)	320,693	127,900	192,793			

**KINGS COUNTY
COMMUNITY MENTAL HEALTH SERVICES
MANAGEMENT COMMENTS AND RECOMMENDATIONS
FOR FISCAL PERIOD ENDED JUNE 30, 2005**

1. Comment: SPMP Utilization Review Costs

The Audits Branch review disclosed that the County improperly claimed enhanced federal financial participation (FFP) rate for its contractor. There is no State or local government documented employer-employee relationship between the Medicaid agency and the Skilled Professional Medical Personnel and the directly supporting staff. The contractor is not an employee of the County, and the staff time is not eligible for payment at the enhanced FFP rate of 75 percent. This is consistent with Title 42 of the Code of Federal Regulations (42 CFR).

Audit Authority

Title 42 Code of Federal Regulations (CFR) Section 432.2

Recommendation

We recommend that the County cease claiming FFP at the enhanced rate for contract employees because such claims are not consistent with the regulation Section mention above.

Auditee Response

Kings County was operating under the assumption that Kings View Inc. acting as the certified County Mental Health Plan was entitled to the same consideration as the County itself. Since we were incorrect in our assumption we will inform Kings View Inc. that they can no longer submit claims for Skilled Professional Medical Personnel (SPMP) FFP at the 75% rate on form MH1982 C.

2. Comment: OMB Circular A-87 Cost Allocation Plan

Our examination disclosed that the County claimed A-87 cost as a transfer-in cost to its main contractor Kings View organization. Kings View is a private corporation that operates mental health programs for Kings County. OMB Circular A-87 cost is a central service department which provides centralized services to other government agencies. This cost is not an allowable cost for non government agencies.

Audit Authority

1. Office of Management and Budget (OMB) Circular A-87
2. Department of Mental Health (DMH) Letter No. 90-03

**KINGS COUNTY
COMMUNITY MENTAL HEALTH SERVICES
MANAGEMENT COMMENTS AND RECOMMENDATIONS
FOR FISCAL PERIOD ENDED JUNE 30, 2005**

Recommendation

We recommend that the County cease transferring A-87 cost to its contractor for reimbursement because the process is inconsistent with OMB Circular A-87.

Auditee Response

Kings County recognizes DMH's position with regards to above characterization of A-87 costs and that the Kings View organization is a non- governmental agency. We do however, request that DMH allow the County to recognize these costs as part of the MH 1960, line 11, Non SD/MC Administration as part of the annual Cost Reporting process. By using this method, it allows the County to: 1) recognize all mental health expenditures, including A-87 costs, to reconcile to the County's General Ledger, 2) recognize that there is other non-federal funding used by the County to cover the A-87 costs which is reported as a separate revenue source on the MH 1992 and finally 3) by using this reporting methodology both DMH and the federal agencies are assured that these costs have not been included in either the Medi-Cal Administration or direct service mode costs.

3. Comment: Improper Allocation of Home Office Cost

Kings View distributes corporate costs, including Management fees, based on a percentage of the program costs per the contractual agreements with counties. Per CMS 15-2150.3D-2b:

"Pooled home office costs must be allocated to chain components on the basis of the total costs if the chain is composed of either unlike health care facilities (e.g., a combination of short-term hospitals, long-term hospitals, and home health agencies) or a combination of health care facilities and non health care facilities (i.e., facilities engaged in activities other than the provision of health care). Under this basis, all chain components will share in the pooled home office costs in the same proportion that the total costs of each component (excluding home office costs) bear to the total costs of all components in the chain. Total costs are costs before Medicare adjustments are made."

Audit Authority

Center for Medicare and Medicare (CMS), Section 15-2150.3D-2b

**KINGS COUNTY
COMMUNITY MENTAL HEALTH SERVICES
MANAGEMENT COMMENTS AND RECOMMENDATIONS
FOR FISCAL PERIOD ENDED JUNE 30, 2005**

Recommendation

We recommend that the county should follow the regulations to ensure proper allocation of corporate costs based on the percentage of program cost not contractual agreements with counties.

Auditee Response

Kings County has been assured that Kings View Inc. is now moving towards a more uniform allocation of its corporate overhead in order to fully comply with the above stated regulation. Kings County will monitor this situation as we move forward.

4. Comment: Enhanced Medi-Cal

Our examination disclosed that the County did not maintain proper records to track Enhanced Medi-Cal unit of service which made it difficult to account for the accuracy of approved and settled units on the reported cost report. This is in violation of federal regulations.

Audit Authority

42 Code of Federal Regulations (CFR), Section 413.20/24

Recommendation

We recommend that the County should maintain proper documentation of its health care accounting and statistical records for proper cost finding.

Auditee Response

Kings View Inc. has upgraded their data system to new Anazasi software which is capable of capturing enhanced Medi-Cal units of service so this recommendation will be followed in the future starting with FY0708. However, we respectfully request that DMH audits continue to give Kings View Inc. the option of providing sample units for verification for FY0405, FY0506 and FY0607.